

May 22, 2017 Stakeholder Meeting No. 1

2-4 p.m.

Updates:

- Planning Division has received 65 applications for a Conditional Use Permit, 63 of which are for cultivation, and two for manufacturing.
- Law and Legislation Committee has directed staff to work on proposed regulations for delivery, for existing dispensaries and potentially non-storefront dispensaries. Staff is conducting some research and will make policy recommendations to the committee in July.
- Council is working with a core group representing small/women/minority business to possibly add an equity provision in the City's cannabis ordinance. The goal is to address barriers to entering the industry and assist small/women/minority businesses through an incubator program, workshops and job fairs.
- The State's regulations are out and we are in the 45-day public comment period. The proposed regulations are available online.

Questions and Answers:

Q: Can the district deny a project if you don't have an additional fee to the district beside the 1% required under the Neighborhood Responsibility Plan?

A: The district isn't deciding who gets permits and doesn't get permits. You're going to a public hearing. At the hearing, people can speak up as to why you should or should not get a permit. It is a good idea to develop a good community relations plan and meet people in your community.

Q: For delivery, is the permit price going to be similar to cultivation?

A: The fees are adopted by the City Council and they represent the cost to administer the program and enforcement of the law, which includes going after illegal growers.

Q: What is the timeline for the CUP and BOP application?

A: CUP review will take about 6 months. There are 7 planners working on the cultivation applications, in addition to their other workload.

Q: Is it true that there are going to be 60 delivery permits and 30 are for the existing brick and mortar dispensaries.

A: There is no discussion yet around a number of delivery services or a cap. Staff will know more after Council makes a policy decision.

Q: Are CUP fees based on square footage?

A: No. But the Business Operating Permit is based on canopy.

Q: How does the City notify applicant about their application number?

A: The Z number received upon submission is their application number. You need that Z file to submit a Business Operating Permit application.

Q: If we are submitting an additional application for the same location, do we still need to submit a site plan?

A: Yes. It is best to talk to your planner about any specific requirements.

Q: Does a delivery permit allow you to deliver from a cultivation site to other businesses?

A: No. You will need a transport license transferring products out of a cultivation site.

Q: Does the City have renewable energy requirements for the CUP?

A: Applicants are required to submit an energy plan with their CUP and BOP application.

Q: With the State regulations now in play, are the State and local regulations going to be merged or stay dual?

A: Dual licensing will still be required.

Q: If there's a change in ownership for a cultivation site, is a new CUP required?

A: CUP runs with the land. If there's a change in ownership, the CUP stays with the property.

Q: In measuring canopy, does it only include the flowering rooms or are immature plants included?

A: Canopy includes all stages of plant growth. For a more accurate definition of canopy, please refer to the proposed state regulations which are now posted online.

Q: If there is no testing lab application received, where would cultivators go to get the products tested?

A: The City is still hoping to get an application for a testing facility.

Q: Are the City's regulations regarding pesticides going to be more stringent or likely to mirror the State's?

A: It is likely to mirror the State's regulations.

Q: Is the City looking into tiered permits for manufacturing?

A: Yes. Staff is doing some research and will bring policy recommendations to the Law and Legislation Committee in July.

Q: Will there be additional requirements for delivery other than what the State is proposing?

A: We will be looking at the State regulations and if we feel that is insufficient, we will make policy recommendations to address those.

Q: Is the current cap on dispensaries going to be addressed?

A: These are policy decisions Council will have to make, especially with regard to adult use and onsite consumption. New dispensaries that will likely be allowed are delivery-only dispensaries.

Q: With the permit fees being so high and a large portion goes toward law enforcement. Why do we need so much law enforcement when crime went down in Denver?

A: Protecting our neighborhoods is important to the Council. We have about a thousand illegal residential cultivation in our neighborhoods, which are commercial in quantity, blight, hazard, and that is why we need significant law enforcement in our fees. Illegal residential grow is a problem that needs to be addressed.

Q: On transportation, if a driver gets stopped? What should they show to the police officer to protect themselves?

A: Transportation piece is yet to be figured out. If we move forward with delivery and transportation, we may eventually issue ID cards to make a law enforcement a little easier.

Q: Which councilmembers are the contact with regard to small/women-owned businesses?

A: Councilmembers Schenirer at 808-7005 and Guerra at 808-7006.

Q: Are there distance limits as to where one can deliver?

A: With the trailer bill that seeks to align medical with Prop 64, they have taken out the provision that prohibits delivery to jurisdictions that prohibit it. We will defer to the State, if that is how the State law is written.

Q: Is there a timeline as to when distribution and transportation can happen?

A: There is none. Currently, the priority items are to rewrite the current ordinance, but the goal is to have all pieces completed by December so the City is ready by January when the law takes effect.

Q: What is the life of a CUP?

A: CUP runs with the land. If you don't use it for two years, it expires. If a new tenant moves in, and they can meet the conditions of approval, they can continue with the same CUP.

Q: If Council adopts the ordinance on delivery, does it take effect immediately?

A: The ordinance will take effect 30 days after Council adoption.

Q: Who qualifies as a “qualified professional” as far application requirements that security plans be prepared by a qualified professional?

A: We will be working with our police department to evaluate these plans to make sure that these facilities are safe and secured.

Q: Can a cultivation site be next to a transitional pre-school?

A: The State’s definition of a school is K-12 public and private schools. If they are pre-schools, which are licensed by Community Care Licensing, they do not fall under the State’s distance requirements.

Q: What is the timeline for completing the Neighborhood Responsibility Plan?

A: Staff is currently drafting the RFP. The study could take 6 months to a year. The study could be completed by end of 2018.

Q: What is meant by mitigating the adverse impacts of the development?

A: Council adopted the Neighborhood Responsibility Plan under the belief that there are negative secondary impacts associated with the industry. The study will be conducted to measure those impacts.

Q: Will the City allow anything other than nonvolatile manufacturing?

A: It has not been discussed.

Q: Will the City have any restrictions on vertical integration and co-location?

A: The City is silent on co-location. Right now cultivation, manufacturing and testing can happen in one place. We don’t know about delivery yet, but we will defer to the State.

Q: Guidelines on how much product you can carry for delivery?

A: Currently, the State allows \$3,000. The City may defer or adopt a stricter rule than that.

Q: Can one apply for a variance if it is less than the required distance from parks?

A: If the site is less than the required distance from a park, the application goes to the Planning and Design Commission for review instead of the zoning administrator.

Q: Will a license to concealed weapon interfere with participation in the industry?

A: The City does not have an answer right now but we will look into it.

Q: Does the City Manager get involved in the renewal process, as stated in the code?

A: The City Manager, as stated in the code, may also mean the City Manager's designee or City staff and refers to the process by which additional regulations are put in place administratively instead of going back to the City Council.

Q: What happens in the one-year to a-year-and-a-half gap by which collectives and cooperatives can transition to a commercial entity?

A: Collectives and cooperatives must continue to operate as a non-profit until then. Once you have that ability to switch to a for-profit under State law, then you can renew as a for-profit entity.

Q: What is the preferred format for the plans if they are to be submitted online?

A: 8.5 x 11 in PDF format.

Q: What do you submit under budget and price list when you are not operating yet?

A: Submit what you foresee as your business' budget and price list when you start operating.

Q: Can testing and manufacturing be in the same building?

A: Testing must be independent, but we will seek clarity in the State regulations.

Q: If I am licensed baker, can I manufacture under a cottage food license?

A: The City is working on creating a manufacturing category for small manufacturers, such as bakers and those that produce edibles and topicals, which will potentially have a lower permit fee. It is the City's goals to have all manufacturers licensed and all products tested to ensure health and safety and also eliminate the illegal market.

Q: Are you open to an incubator model where there is one large manufacturer and a few smaller manufacturing permits? Can different businesses operate under one Conditional Use Permit?

A: Yes, but with separate BOPs.

Q: If you have a CUP for cultivation for one parcel, can you turn part of the space into a manufacturing site?

A: You need a separate CUP for each use so you will need to apply for a manufacturing CUP.

Q: Are people penalized for not knowing that they need a permit to operate?

A: Eventually, the track and trace program will make it difficult for anyone to make products at home and sell. Track and trace will require that all products come from a licensed manufacturer and has been tested.

Q: Are there different regulatory agencies that will oversee the marijuana businesses?

A: Yes. The Bureau of Medical Cannabis Regulations, Department of Food and Agriculture, Department of Consumer Affairs and Department of Public Health, which will all provide oversight depending on what activity it is.

Q: One of the biggest challenge in starting a cannabis business in Sacramento is finding a space. Is the City going to allow multiple companies sharing a space?

A: The City does not have any prohibitions to multiple businesses sharing a location, except for the dispensary ordinance which requires 1000 ft from other dispensaries.

Q: If there no testing labs, how are we going to assure that we have a product that is safe?

A: There is probably not a lot of money in this segment of the industry, but we think that once the industry figures this lack of a testing facility, industry can form a cooperative and start an independent testing facility.

Q: Does the City communicate with other jurisdictions during the policymaking process?

A: Yes. It's a unique situation that we are ahead of the State in terms of creating regulations. We share information with other jurisdictions but we are way ahead of other jurisdictions. Our goal is that everything that we do here in Sacramento be the model for other cities throughout the state.